ALL EMPLOYEES ARE MARKETERS

by

Richard Parkes Cordock

SMASHWORDS EDITION

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About The Author

Richard Parkes Cordock is the best-selling author of *Millionaire Upgrade*, *Business Upgrade* and *Profit Upgrade*.

He is also the creator of the highly acclaimed *Millionaire MBA Business Mentoring Programme* and *Enterprise MENTOR*.

Richard is the Managing Director of Enterprise Leaders Worldwide, which provides coaching, training and people development for executives, managers and employees.

Richard firmly believes that the success of any organisation rests in the hands of its people, and with the right development and coaching of its staff, any organisation can dramatically and rapidly increase its revenues and profits.

Prior to founding **Enterprise Leaders Worldwide,** Richard spent many years in the software industry, and in a previous life was an accountant (and a very bad one!).

He holds an MBA from the International University of Monaco and lives in Bath with his wife and two children.

Introduction

In 2005 Seth Godin, the much regarded and almost legendary marketer, wrote the provocatively titled book: *All Marketers Are Liars*.

In it he made the important point that marketing is primarily about telling stories and spreading ideas.

I'm sure all marketers would agree that fundamentally, marketing is about getting your company's message, and the message of your products and services to the ears and eyes, hearts and minds of your target customers.

Like many business owners and leaders, you may see marketing as the sole responsibility of your marketing department. Your marketing department (and expensive outsourced creative agencies) is charged with the task of creating spreadable stories, conjuring up campaigns, developing your brand and ultimately getting your message to your prospects and market place.

But in this short 50 page book, I'd like to prove to you that marketing is not just the responsibility of your marketing department, (and sales are not just the responsibility of your sales team). I believe that sales and marketing are the responsibility of EVERY single employee and manager in your organisation.

If you agree with Seth's comments that marketing is about the spreading of stories, so that your message reaches your target customer and claims a little bit of mental real-estate in their mind, there can be no doubt that every employee in your organisation — whether that is your receptionist, delivery driver, accountant, cleaner or

you as the reader of this book — are all part of that story and are all responsible for spreading it far and wide to reach your target customers.

Whether you are a retailer selling shoes, a firm of lawyers specializing in intellectual property law, a distributor of children's books, one of the biggest brands in the world like Google or IBM — or any sized company in between — marketing goes far beyond your marketing department.

In this book I'd like to illustrate to you, and prove to you in pounds and pence; dollars and cents, how having every employee and manager in your company take responsibility for marketing (and sales) can have a dramatic and substantial impact on your income and profits.

So... let's get started right now and see why all employees are marketers (and sales people!).

Chapter 1
Marketing: A Love/Hate Relationship

Marketing is a subject I've had a love-hate relationship with in recent years.

I love the thrill of creating a message that penetrates deep into the mind of a prospective customer, so much so, that they see the value I offer, and the results they can achieve with my company's products and services, and decide to take action, vote with their wallet, and become a paying customer.

I hate the wasted cost of getting the wrong message to the wrong people. This type of marketing is cripplingly expensive and, if I'm honest with you, accounts for a large proportion of my marketing spend over the past few years.

To borrow the words of Alan Sugar, the entrepreneur face of the UK Apprentice TV series, I too have written books on marketing and advertising. Sadly these have been cheque books and the amount of time and money I have spent (and wasted) still gives me sleepless nights.

Over the years, in my pursuit of getting my message out to the right people, I've tried just about every modern day 'lead generation' marketing activity that exists.

Let me give you a quick snap-shot of what these are. I'm sure you have your own list, and can add to mine too!

Here we go... Get your cheque book out and start writing!

- Advertising in national newspapers

- Advertising in trade magazines

- Classified advertising

- Press releases

- Stickers in the post (very expensive)

- Direct mail letter packs (very, very expensive)

- Books in the post (even more expensive still!)

- Web marketing including: email marketing, auto responders, blogs, PPC, banner adverts, numerous landing pages with FREE! reports

- Networking at networking events

- Speaking at speaking events

- Newspaper articles

- Magazine articles

- Radio interviews

- Viral marketing through podcasts and YouTube

- Joint ventures

- Telemarketing

- Face-to-face direct sales people

- Dedicated marketing teams

- Trade shows

- Sponsorships

I've even had posters all over the London Underground promoting one of my books and a 60 second advert on TV (which surprised a few friends when they saw it whilst channel surfing).

I have a physical and digital bookcase full of marketing books from experts all over the world spanning 100 years. These include modern day masters such as Jay Abraham, Seth Godin, Mark Joyner and a whole host of internet marketing experts.

I've got books and written papers from the marketing and advertising legends of yesteryear such as David Ogilvy, Joe Karbo or even before that, Claude Hopkins — the godfather of direct response marketing and author of Scientific Marketing.

I've attended numerous expensive marketing seminars and even paid a marketing coach many thousands of pounds to mentor me for an hour a week over a 52 week period.

In short, I've done a lot of marketing and spent a lot of money on getting customers and clients to come through my front door.

I'm sure you have your own success (and horror) stories of marketing too.

My point in sharing my past with you is to illustrate the high cost — in terms of time, money and effort — of getting a customer.

In most companies, the arduous task of lead generation is performed by a dedicated marketing team, and falls within the traditional definition of marketing.

However, what I'd like to do in this book is to widen that definition, and go back to Seth Godin's point that marketing is about telling and spreading stories.

In each of my paid marketing campaigns and activities, my ambition was to get my story to target customers to

encourage them to take an action. This could be to download a report, make a phone call, or make a purchase.

Essentially, my marketing was (and still is) all about getting my story to the right person.

Like me, I'm sure you spend a lot of time and money on customer acquisition; on creating enough belief and confidence in the eyes and minds of your prospective customers so that they engage with you, and ultimately become a paying customer.

Let me ask you though, once a prospect becomes a paying customer, is that the end of your marketing campaign to them?

Clearly the answer is no... but arguably the lead generation activities I spoke of a moment ago (such as adverts, PR, email marketing) have done their primary job in turning a prospect into a paying customer.

But what takes over now is another type of marketing which lies in the hands of your employees. It is their responsibility to turn that new customer into a customer for life so you can recoup your 'lead-generation' investment and enjoy a rich profitable relationship with them.

This type of ‘human marketing’ clearly moves beyond your marketing department, and out into your wider workforce. It's about every employee and manager in your company delivering on the promise you made to your new customer.

It's about everybody in your company being in tune and congruent with the promise and marketing message which brought your new customer to you in the first place, and

giving them more and more reasons to repeat buy from you and recommend you.

This requires all your employees and managers to understand that their job is to retain happy customers, and keep them coming back to buy from you time and time again.

In fact, it is the responsibility of everybody in your company to understand that the primary function of their work is to actually help your company get a customer in the first place — but more about that in Chapter 2.

Chapter 2
Why it's Important for ALL Your Employees to Have a Clear Line of Sight to Your Paying Customers

It was the late, great Peter Drucker, the wise old sage of management philosophy, who said that the primary purpose of a company is to get a customer.

For without a paying customer, you do not have a business.

But once you get a customer to buy from you just once, then the name of the game is to build a lasting, profitable relationship with them, and turn them into a loyal repeat customer who becomes a passionate recommender who refers your company to their friends, family and business associates.

Given that the primary purpose of a company is to get a customer, how many employees in your organisation would identify with client acquisition (and customer retention) as part of their own job function?

Clearly those dedicated professionals in your sales and marketing team would, as it is explicitly written in their job definition. The same is most likely true in your customer service teams.

But what about your receptionists or delivery people?

What about the people in your finance team or product development division?

What about your back-office staff, or even your cleaning staff who are responsible for keeping your premises looking spotless and presentable?

Do they see themselves responsible for marketing and selling; as people who indirectly sell your business to your marketplace?

Probably not.

I'd argue that most people outside of your sales and marketing team do not see marketing as their responsibility, yet the primary purpose of any business is to get and keep a customer, (and it is customers who pay your staffs' salaries!)

Similarly, it is the revenue of your new and existing customers which pay your employees' mortgages, put the food on their tables, provide clothes for their children, and fuel for their cars.

Now, let me be clear.

Your in-house accountant should always see him or herself as somebody who is responsible for preparing accurate and timely financial information, and your receptionist should always see themselves as somebody who meets and greets customers, accurately transfers phone calls, and carries out other essential day to day front-office functions which make your company run smoothly.

But they must also see themselves partially responsible for getting a new customer, retaining a customer, and turning that customer into a passionate and profitable referrer.

Every employee and manager in your company must accept that they are a crucial link in the chain which directly influences whether a prospect will buy from you, buy again, and then positively refer you to their friends.

Every employee in your organisation must see that ALL their actions and decisions have a marketing impact.

At all times, your employees (through their actions), are delivering on the promise of your brand, your marketing, and of your expensive lead generation campaigns which brings your customers to your company in the first instance.

Your marketing is not an exclusive and independent function, it is something which lives and is alive in every corner of your organisation, and in every member of your team.

As it has been said many times before, 'every act is indeed a marketing act'.

It is all to easy for a customer to come to you because of your big marketing promise and the high expectation your creative marketing team has put out into the market place, but likewise it is all too easy for that promise to be broken, for your customer to be disappointed in those moments of truth... when customers come face-to-face, person-to-person with your organisation, and their expectation is not met.

Unless everybody in your company sees themselves as a marketer, the chain is weakened, and possibly even broken.

Line of Sight

I'd like to give you an example of what I call line of sight, which means that every employee in your organisation must have a clear line of sight to your

customer, and see themselves as part of the customer acquisition and retention chain.

This means a filing clerk in a shipping office, who has no day-to-day direct involvement with customers should have a clear line of sight through to paying customers and understands that the accuracy of their filing can have a very tangible, financial and immediate impact on the delivery of a container full of goods.

As a supporter of two football teams — Grimsby Town (my original home team) and Manchester Utd, a club I have supported since I was 7 years old (I may have lost a few friends by revealing that fact!), I know that every player must have a clear line of sight to their opponenent's goal.

It isn't just the forwards who are charged with the responsibility for scoring goals, but ALL eleven team members.

The primary purpose of a football match is to score more goals than your competitor, and this is the joint responsibility of ALL players.

Every player, regardless of their named position, has their own specific function they must take care of (goalkeeper, defender, midfielder) but ultimately the contribution they each make is to score more goals than the opposition and win the game.

It is almost unheard of for a forward to score a goal without some assistance from one of the other ten players on his team.

In football, ALL players have responsibility for creating and scoring goals, in the same way that in

business, ALL employees are responsible for marketing and sales.

Everybody in your company has a role to play in getting a paying customer to come into your business, to repeat buy and to ultimately refer you.

But in order for that to happen successfully, every employee and manager must understand who you are as a company, and what you stand for. They must be true to your brand values and be able to passionately explain them to your prospects and customers. They must live and breathe these values day-in-day-out, month-in-month-out, and year-in-year-out.

Example

I was recently at a meeting with the CEO and senior management team of a leading UK brand. I won't give you the name of the company, or their industry, but let’s say they sell shoes.

Also at this meeting was one of their managers who had worked for the company for over 10 years.

I asked him, what is it about your company that makes it so special? Why do customers buy from you? What is it about your products that make your customers want to repeat buy from you?

He told me with total honesty that he didn't know.

He said, 'I don't wear the shoes, I don't come into contact with customers, I don't even come into contact with the shoes, I simply don't know. I work on the technical IT side.’

Given that this manager has been with the company for 10+ years, and that he is responsible for recruiting and training people and leading a small team, it does not serve the company well that he can't accurately explain the product or articulate its strengths and superiority over its competitors'. For this shoe company, this manager is clearly a weak 'sales and marketing' link.

No doubt over the years he has had many conversations with friends and family and external business colleagues explaining where he works and what he does for a living — but he has never been able to passionately explain what makes the shoes his company sells so special.

He doesn't feel it, and therefore he can't positively add to the marketing story. In fact he is probably damaging the story each time he fails to passionately talk about his company's shoes.

You may say, 'should he have that feeling at the same level as the marketing and sales team?', and there is a case to suggest that it is not needed.

However, equally, there is a case (and this is the case which I believe in) which says that in order for every employee and manager to contribute to their marketing story, and ultimately the growth of their company, they must know what their product or service is and what makes it unique.

Similarly they must know the values of the brand, and be congruent and consistent with them.

Any prospect, customer or representative of the media should be able to talk to any employee in your company and get the same consistent, demonstrable message as if

they were speaking to your company's CEO, reading your marketing materials, or dealing with an enthusiastic sales person.

Your employees always have been, and always will be your marketing staff.

Your employees — at every level — are responsible for influencing whether your customers will repeat buy from you and recommend you to their friends and family.

Let's now look in more detail at the importance of repeat buying and recommendations, and why the profit growth formula of B + BA + TTF is essential for all your staff to know.

Chapter 3
The Profit Growth Formula: Profit Growth = B + BA + TTF

There is something about the world of marketing and advertising which is quite sexy.

Indeed, the home of the most glamorous marketing and advertising agencies in the UK is Soho — the epicentre of hipness in London. In New York it is Madison Avenue.

The people who work in marketing and advertising are cool, suave and sophisticated.

The guys look like they have stepped out of the pages of GQ and the women off the cover of Vogue. I know, because for a few months I worked on a project in an advertising agency in Soho and got to experience this lifestyle first hand.

However, let me be clear again, marketing as most of us know it (and certainly the marketing I spoke about in Chapter 1) is about lead generation, and getting a customer to come into your business. The creative minds of Soho and Madison Avenue are charged principally with making that happen.

But the majority of profit in most businesses — most likely yours included — does not come solely from new customers.

In most businesses, the true profit comes from repeat purchases from existing customers.

Let me explain.

In my previous book, *Profit Upgrade*, I cited the example of my barber, Paolo.

The very first time I went to see Paolo, I spent £14 on my haircut with him. If I had only been once, that is all the money he would have earned from me. If he had by chance retained one of the big brand creative agencies and brought in Saatchi and Saatchi to build his marketing campaign, all his marketing spend would have been spent on getting me to come in and try his barbers shop just once (i.e. to spend £14 of revenue).

No doubt it would have cost him more than £14 to acquire me as a client, and indeed more than £14 (per client) to acquire any other client.

But the reality for Paolo the barber is that his money is made when I go and get my hair cut with him every 4 to 6 weeks and spend on average £140 per year with him at his barbers shop.

I've also happily recommended Paolo because I like him, I like his hair cuts, he is exactly what I want from a barber and he consistently delivers time and time again. So if I am ever asked to recommend a good barber, Paolo is the man!

I'm confident that one or two of my recommendations have turned into new paying clients for Paolo — and potentially earn him £100 to £200 per year.

My £14 initial haircut is now worth in the region of £200 to £300 of new revenue for Paolo because of my repeat buying and recommendations.

If I was to write down a formula to make sense of this, it would look something like this:

Profit growth = B + BA + TTF

B = Buy. This is when a customer comes into your business in the first instance because of your lead generation marketing — the type of marketing I spoke about in Chapter 1, turning a prospect into a paying customer.

BA = Buy Again. This is where the majority of the profit is in your business. Your profit comes from maximising the life-time value (LTV) of a customer. Seldom is the true worth of a customer taken from a one-off transaction. It is their repeat buying from you: either buying the same product many times, or buying new products over many years through your up-sells, cross-sells, or down-sells which most likely constitutes the majority of your profits.

T = Tell Their Friends. This is the cheapest and most effective form of marketing, when your existing customers do your marketing for you and become passionate customer and brand evangelists, who are so engaged with your company, product and services that they recommend you. Word-of-mouth (WOM) marketing is effectively free marketing and priceless for any company (compare this with the expensive traditional forms of marketing listed in Chapter 1).

Let's now look at each of these three elements in detail and see why the profit growth formula of B + BA + TTF holds true.

BUY

The cost of acquiring a customer in the first place can be a mightily expensive process. You can have the best product or service in the world, but if your target customer does not know about it, they are not going to buy from you.

This is exactly why Peter Drucker said that the purpose of a company is to get a customer.

Whether you have your own in-house marketing department, outsource your marketing to external agencies, or you do it yourself, getting your message into the market place and reaching your prospective target customer is a constant challenge for all companies.

Equally the cost of getting a new customer to come to you can be painfully expensive.

Many companies approach this scientifically and use terminology such as cost per lead, or cost per acquisition. They know precisely how much they need to spend on marketing to acquire a customer.

A perfect example of this, which was relayed to me recently, is the National Geographic magazine which works on a subscription model, and apparently pays up to £50 to acquire a new customer. That means through their mixed marketing campaigns of newspaper advertising, magazine advertising, direct mail letters and online advertising, their average cost to acquire a new 12-month subscriber is £50.

Let's say that the subscription revenue for 12 months is only £29, you can see that it takes around 2 years of subscriptions to recover the cost of acquiring that customer.

The same model is true with credit cards. You will have seen how companies try to entice you with 6-months interest free balance transfers from your old credit card, 0% interest for 12-months on new purchases, and a myriad of other offers to get you to move your business to them as a customer.

A friend of mine spends some of his time selling credit cards in service stations, and I'm confident to say that the cost of customer acquisition for a new credit card customer, after paying him his commission, must be well in excess of £30. Possibly even many multiples of this when processing fees and credit checks are taken into account.

Again, these companies clearly know how much it costs to get a customer to come and buy from them in the first instance.

But why would any company spend £30, £50 or (for higher priced items) many hundreds, if not thousands of pounds or dollars to get a customer?

The simple answer is this: they know only too well that the profit is not in the initial transaction, but in a customer repeat buying and in the full life-time value of that customer.

This leads us to look at buy again.

BUY AGAIN

If I could apply an 80:20 rule to repeat buying in business and marketing, I believe it would look something like this.

In the main, companies spend 80% of their marketing on new customer acquisition, and 20% on marketing to existing customers.

However, 80% of their income (and profits) comes from existing customers, whereas 20% of income (and profits) comes from new customers.

I'm pretty confident that this 80:20 rule will hold true in the majority of businesses.

Some years ago I interviewed a whole range of leading UK entrepreneurs and business leaders to find out what made them and their companies successful.

Let me share with you some thoughts behind just a few of their businesses and explain to you why the 80:20 rule holds true, and why the majority of their profits come from BUY AGAIN, rather than the initial BUY.

Duncan Bannatyne - Bannatyne Leisure:

Duncan is probably the most famous entrepreneur I interviewed. He wasn't famous at the time, but through his success on Dragons' Den, Duncan has become one of the most recognisable faces in the world of UK business, and even celebrity.

In all 3 of the main businesses he has started (which I know about): his health clubs, children's day care nurseries and originally his care homes for the elderly, the operating profit has come from the same thing — the repeat buying from customers.

Effectively this is the monthly repeat fees he currently earns from his health club members, the children’s fees

and the residential fees from his former day care nurseries and care homes.

His businesses are clearly not about a one off transaction.

The first month's income possibly only covers the cost of acquisition of that client, but if a customer stays with his business for an average of 2 years, he will know that the life-time value of that customer will be worth many thousands of pounds to him.

Clearly his business is not just about the BUY. For him the profit is in the BUY AGAIN.

Simon Woodroffe - YO! Sushi:

Simon is an incredibly visionary entrepreneur and the founder of the YO! Sushi brand.

Simon doesn't want you to just come and eat at his restaurant once, he wants you to become a customer for life and repeat buy from him, so that his marketing spend on initially attracting you to his restaurant in the first place can be recovered.

By the time you are on your second and third visit, he has recovered his marketing investment in getting you as a customer, and you are now becoming a profitable, loyal repeat customer.

Lord Bilimoria – Cobra Beer:

Lord Karan Bilimoria created the beer brand Cobra. Cobra Beer is a great example of a consumable product.

Lord Bilimoria doesn't want you to buy just one bottle of beer, or for a restaurant or bar to take stock of his beer just once. He wants you to become loyal and true to the beer.

The profit is in the BUY AGAIN.

If you like Cobra Beer with your curry, or like to drink it by itself because of its extra smooth less gassy nature, then obviously the real money is in the BUY AGAIN. However, all the marketing effort and constant spend is principally to get you to become a customer in the first place.

Lord Harris - CarpetRight:

Lord Harris, the founder of CarpetRight does not want you to buy just one carpet from him, he wants you to buy all your carpets from him. He wants you to carpet your whole house, or buy your wood or laminate floors through him, or waterproof flooring for your bathroom from him.

And he doesn't want you to buy carpets for just one house; he wants you to be a repeat customer, so that when you change houses, or buy a second home or buy-to-let property, you choose CarpetRight as your flooring provider of choice, because his real profit is in your repeat buying.

You could examine any of the FTSE 100 companies or Fortune 500 companies in the US, or look at any of the major international companies listed on the world stock exchanges and prove this same point.

British Airways have a frequent flyer programme to keep you repeat buying from them.

Vodafone, who spend masses of money on client acquisition to get you as a customer in the first place, have dedicated 'retention' teams to stop losing you as a customer, simply because they know your value to them over future years.

Any of the utility companies on the FTSE 100 spend a fortune on marketing to you and trying to keep you as a customer.

The same is true with banks who make enticing offers to get you as a customer in the first place, and then try hard to keep you for many years. Banks are possibly not the best example here, as most of us have an unsavoury story or two when dealing with a bank — usually because of poorly trained employees.

However, if your lead generation marketing has done its job well in the first place in getting paying customers onboard, it is now the employees and managers your customers deal with day-to-day, and face-to-face who are responsible for the ongoing marketing of your company.

Marketing has moved beyond online/offline ‘big promise’ in the lead generation marketing materials, to the human marketing interaction between your employees and customers.

At that point, all employees become marketers, and every act is a marketing act.

TELL THEIR FRIENDS

The last subject we should look at is TELL THEIR FRIENDS, because word-of-mouth (or word-of-mouse)

referral is an incredibly powerful, inexpensive and rapid way to grow your business.

Given the often extraordinary cost of lead generation and direct marketing (somebody has to pay for those expensive offices in Soho and the flashy designer suites of the marketing gurus), there is no better way of getting a customer than through a recommendation, as it comes to you at zero cost, and with extra trust and belief, in a way that you could never achieve through traditional marketing methods.

That's because when a friend makes a recommendation to you, it comes without prejudice; it’s impartial, and your friend, family member or business colleague has only your best interest at heart.

This could simply be recommending a movie, a CD, a restaurant, a hotel or a holiday.

But it could also be a high-priced item like advising someone to use a firm of accountants, lawyers or merchant bankers.

The recommendation could be for a software company, where an impartial comment from a former co-worker sways you to implement a million dollar project with SAP rather than Oracle. This would be even more powerful if your friend said that you should not choose Oracle at any cost and that SAP is the only software to invest in!

To show you the power of recommendation, I recently recommended a book to the subscribers in my email database. This was purely an independent endorsement of a book I had read whilst away on a business trip to

Shanghai. I believed in the book so much that I wanted to personally recommend it to people I know.

I drafted a simple email entitled 'I recommend this book'. Before I sent the email I checked the book's standing on Amazon.co.uk and it was ranked at 300,498.

I checked the Amazon listing 3 hours after I sent the email, and the book had risen to the lofty heights of number 149, a jump of 300,349 places!

The publisher and author could have spent a huge amount of money trying to market the book to get it to rise to that level, yet one simple email with a personal recommendation (costing virtually nothing) was far more powerful because it was impartial, personal and direct.

That was only one email.

When Richard and Judy, with their TV book clubs in the UK, or Oprah in the US, make book recommendations, they literally move markets and their independently recommended books typically jump to number 1 in the book lists and stay there for days, weeks and sometimes longer.

Word-of-mouth is powerful, and if you can turn your customers into passionate referrers who tell their friends about you, then you have the most cost efficient marketing team available to you.

But do be aware, if customers are unhappy with you, they will also tell their friends, but tell them of their negative experiences, and will tell them to stay away from your company and not to buy your products and services.

And your expensive lead generation campaigns to bring a customer into your business will have failed to deliver a

repeat customer for you, and will have failed to deliver a valuable referrer.

In fact you'll now have negative referrers who tell their friends of their disappointment.

But why are they disappointed?

Invariably it is because of the service they've had, and the experience they've had in dealing with your organisation that does not live up to their expectations.

You will have effectively wasted your lead generation marketing budget on a customer who is now doing negative word-of-mouth marketing for you. This is a very expensive situation to recover from.

Let's now look at how the profit growth formula of B + BA + TTF relates to your profit and loss account, and examine a way for you to look differently at your P&L from this point forward.

Chapter 4
The NEW P&L

Many years ago I qualified as an accountant. It certainly wasn't one of the easiest things I've done, but after struggling through the papers, and re-sitting my finals, I eventually passed all my exams.

To this day, I still have a recurring nightmare and wake up in hot sweats thinking that I never quite qualified and still have more exams to sit.

As it turns out, accountancy wasn't my vocation, and if the truth be told I'm possibly the worst accountant in the world.

That said, studying accountancy certainly gave me a good grounding in financial statements, and I have great confidence in reading balance sheets and profit and loss accounts (I just hate preparing them!).

Now my career and business have taken a different direction, and marketing, business development and leadership have become areas of greater interest, I look at P&L statements with different eyes.

In this chapter I'd like to introduce you to what I call the NEW P&L.

Let me explain.

Traditionally when you look at a profit and loss account, you see it is broken down into two main sections: revenue and expense. When you take revenue away from expense you are left with your net profit or net loss.

In the income section of a P&L you show the revenue from the sales of your product and services, but typically that revenue is simply broken down by product or service.

So for example, if you owned a shoe shop and sold three different coloured shoes in three different sizes, the various income lines in the P&L would read something like this:

P&L Account

INCOME

SHOES

Black Shoes

Size 6

Size 7

Size 8

Brown Shoes

Size 6

Size 7

Size 8

Blue Shoes

Size 6

Size 7

Size 8

TOTAL INCOME:

In the expense section it would show the cost of selling the shoes and running the shoe shop.

That would include the direct costs of the shoes, the employee costs of your staff, your marketing costs, overhead costs, and other associated business expenses.

When you take your income, less your expenses, you are left with your net profit.

This is very much an accountant's view of a P&L.

However, when I look again at a P&L with my marketing eyes on, I see it slightly differently, especially when I marry it together with the profit growth formula of B + BA + TTF.

I believe there is a different way for you (and your employees) to look at your P&L which will help make more sense of the numbers from a marketing and customer retention perspective.

Let me explain by way of the shoe shop example, by replacing the income section of the P&L with the formula of BUY, BUY AGAIN and TELL THEIR FRIENDS.

Let's say I am a customer of your shoe shop and on January 1st I come in to buy a pair of shoes in your New Year sale.

I've never been to your shoe shop before, but you've spent a lot of money over Christmas on your lead generation marketing campaigns, explaining that you are having a 60% off sale.

This is enough to bring me in as a prospect and as you have the shoes I'm looking for, I become a paying customer.

Now role forward 6 months, when I need another pair of shoes for the summer.

Which is the first shop I would think of?

Clearly, if my first transaction was good, if the shoes were good, and my impression of shopping with you was good, I'd most likely think of revisiting your shop to buy my new pair of shoes.

To reflect this buying behaviour in the NEW P&L, in January when I bought my first pair of shoes with you, you could chalk up £30 in the BUY section of the P&L. In the summer when I bought my second pair of shoes from you, you could add £50 (the non-sale price of my new shoes) into the BUY AGAIN section.

Given the fact that a few friends have seen my two pairs of shoes I bought from you that year, and a couple of them have also gone and bought similar pairs from you based on the coolness of my shoes, and my own personal recommendation, you can add another £100 in the TELL THEIR FRIENDS section of the P&L.

Therefore, your NEW P&L looks like this:

BUY - £30

BUY AGAIN - £50

TELL THEIR FRIENDS - £100

Total Income: - £180

Whereas the traditional way of looking at the P&L would read:

Shoe Sales £180... or at best it would be broken down by type and size of shoe. Your P&L would be product focused, rather than customer focused.

Now I'm not saying you should (or could) rewrite your entire P&L and format it like the NEW P&L, but you could certainly mentally do it, and if every employee in your company redefined the P&L in their own mind as BUY + BUY AGAIN + TELL THEIR FRIENDS, they would take extra effort to engage with your customers, to surpass your customers' expectations, and to give them more reasons to come back and repeat buy from you and recommend you.

But it isn't just the shoe shop in this hypothetical example where the NEW P&L can be used. It happens daily throughout our lives.

Let me share with you a few practical examples in my own life where I see this to be true.

Marriott Hotels

If you've read any of my other books, you may know about my admiration for Marriott Hotels.

Early last year, my wife, our two children and I checked in for one night in the Marriott hotel in Cardiff, which cost us around £100.

Going on a Saturday night, and returning on a Sunday allows us to go take our children swimming twice (on the day we check in, and the day we check out). We get to explore a new city, stay in a luxury room and have a feast at breakfast time.

It's an expensive way to go swimming, but an inexpensive way to have a wonderful family weekend away.

Our first weekend away at a Marriott hotel, equates to £100 in the BUY line of the Marriott's income statement in the NEW P&L.

The fact that we had such a good experience meant that over 12 months, we spent about seven weekends away at various Marriott hotels within a 2 hour radius of our home town of Bath, sometimes staying one night, other times two nights.

Marriott can now chalk up a further £1,000 in the BUY AGAIN section of the NEW P&L.

We have also recommended this formula of staying one night and going swimming twice to our friends Jo and JP, who I know have checked into Marriotts and have done this twice themselves, spending at least £200.

Plus, we've recommended this to my parents who have joined us on two of our trips, spending approximately £300 in the process.

Now, the NEW P&L for Marriott might look like this:

BUY - £100

BUY AGAIN - £1,000

TELL THEIR FRIENDS - £500

Total Income: - £1,600

However, in the traditional Marriott P&L it would simply say 'lodging £1600', but by analysing your P&L from your customers' perspective, you start to get a better

feel of how your business is performing, especially in respect to repeat buying and word-of-mouth referrals.

Amazon

The same is true with Amazon. The life-time value of a customer at Amazon, and their repeat buying and recommendation potential is huge.

Literally everybody I know buys from Amazon, and if anybody recommends a book to me, Amazon is the first place I visit.

When you make your first purchase on Amazon, you click the 'I'm a new customer' button, but after that, you always return to Amazon using the 'I'm a returning customer' button.

Amazon knows the repeat buying history of all their customers, and each customer's potential life-time value.

I have literally spent thousands of pounds at Amazon. In fact only a few months ago I bought 30 iPods from Amazon for a FTSE 250 client who wanted my MP3 marketing and leadership training programme pre-loaded on iPods, rather than the regular MP3 players I provide. This transaction alone added £3000 to the BUY AGAIN section of the Amazon NEW P&L.

Phil & Teds

If you have children of toddler age, you may be familiar with Phil & Teds prams. Phil & Teds is a New Zealand based company which I have never seen market anywhere (I'm sure they do, I just haven't seen them), yet

when I stroll around the streets of Bath where I live, it seems that every other family with two children has a Phil & Teds dual seater pram.

Why is this?

Principally because of word-of-mouth.

When we bought our Phil & Teds, the company could chalk up £400 in the NEW P&L in the BUY section. We have no great need to BUY AGAIN (one pram is enough for us), however they do have many other products to up-sell, cross-sell and down-sell.

Yet in the TELL THEIR FRIENDS line in their P&L, Phil & Teds can add at least another £800 from our recommendations.

As many mums attend toddler and new baby groups, and they see each others prams, mothers with only one child and another one on the way take an active interest in which pram to buy next, and I've yet to meet anybody who has a Phil and Teds who doesn't recommend this pram.

My point in this chapter is to put a numerical framework behind the ideas of the NEW P&L and the concept of BUY, BUY AGAIN and TELL THEIR FRIENDS.

If you, in your own company, notionally slice and dice your P&L and apply this formula, I'm confident you'll see your business differently, and see that the true value of your customer is in their repeat buying and word-of-mouth recommendations.

The Cardinal Sin

I've said before, in an early chapter, that the cardinal sin in business is to lose a customer.

I have a couple of examples here which show the full financial cost of losing a customer.

The first one is with a real life example which happened to me recently between Sainsbury's and Tesco.

A while back we chose Sainsbury's to do our weekly online shop with. As a family of four we spend around £100 or so each week with our regular grocery delivery.

So, in this case, Sainsbury's could chalk up £100 for us in the BUY section of their P&L. Their lead generation marketing and brand building had done its job — we had chosen them as our supermarket of choice.

They could also start to chalk up £100 per week in the BUY AGAIN section for the next 52 weeks and beyond, theoretically adding around £5,200 of revenue to this P&L line each year.

However, Sainsbury's has sadly lost our custom recently because of the lack of availability of delivery slots. (Last time we checked, before we made our switch to Tesco, we had to order our food five days in advance to get a delivery slot).

That is either a business decision or an employee/manager decision by Sainsbury's to limit the number of home delivery slots available, but the net outcome of this is that Sainsbury's has now lost us as a customer to the tune of £5,200 a year, and our business has gone to Tesco who can deliver to us within 24 hours of placing our order.

Sainsbury’s, through the value of its brand, and all the millions of pounds it has spent on marketing and building its mental position in our minds, have now lost us as a customer. No doubt we're not the only customers they have lost because of this.

They have committed the cardinal sin by losing a paying customer.

Silent Customers

The final example I'd like to give you around the idea of BUY, BUY AGAIN, and TELL THEIR FRIENDS and the NEW P&L is the story of the silent customer.

It's a story I heard some time ago. I may not have it 100% correct, but it goes something like this.

A man visits a restaurant for the first time and orders a three course meal.

His starter arrives a little late.

His main course arrives a little cold.

And his cold dessert arrives a little hot.

With each course he doesn't complain or make a fuss, he simply says nothing. He just quietly eats his lunch and pays his bill.

At no point does he complain — but more importantly at no point in the future does he return to that restaurant again to eat there.

The vast majority of your customers who are unhappy with your service or product will not actually complain to

you directly. Research suggests that it is perhaps as few as 5% to 10% who actually complain.

What they will do however is two things:

Firstly they will never return to you again as a repeat customer, so you lose out on the BUY AGAIN revenue which could be coming through your NEW P&L.

Secondly, these customers make a point of telling their friends and family what a disappointing experience they had when dealing with your company, so effectively they become negative marketers for your organisation, sewing negative seeds of word-of-mouth marketing in your market place.

You may never hear their thoughts, challenges and concerns directly from them, but you can rest assured that their friends and family, and your prospective future customers are hearing them.

Your loss goes beyond the physical revenue which is bypassing your P&L, and you are now battling with negative word-of-mouth in the market place.

Prospective customers who may have come to you because of your lead generation marketing and the promises you made, may now decide not to purchase from you because of the negative word-of-mouth they have received from a trusted friend.

How do you ensure that every customer who buys from you in the first instance becomes a repeat customer and passionate referrer?

Well, that is down to the very employees and managers in your company. It's down to the fact that every employee is a marketer and is responsible for getting your customers

to buy, buy again and then tell their friends positive things about you.

In Chapter 5 I'll share with you exactly what an employee looks like who is outstanding at helping you grow your company by becoming a hidden marketer, and what employees look like and who are damaging your company and not giving your customers reasons to repeat buy and refer you.

Chapter 5
All Employees Are Marketers and Every Act is a Marketing Act

Although this is only a short book, I think at this stage it is worth recapping some of the core messages we have spoken about so far.

These are:

- Marketing is about telling a story (Introduction)

- Much of your marketing spend is wasted (Chapter 1)

- Every employee and manager in your company needs a clear line of sight to your paying customers (Chapter 2)

- The real profit is in the LTV of your customers and their WOM referrals (Chapter 3)

- The cardinal sin in business is to lose a customer (Chapter 4)

- Silent customers and negative referrers can seriously damage your business (Chapter 4)

Although this is obviously a book about marketing, it is more so about the people in your organisation who happen to be your marketers.

In preparing for this book, and from my interviews with business owners and thought-leaders, two main messages stood out to me. They are:

All employees are marketers

and

Every act is a marketing act.

The reality is that once your expensive lead generation marketing has done its job to turn a prospect into a paying customer, the relationship that customer has with your company is now in the hands of your employees. Therefore it is now your employees — at all levels — who influence and determine whether your customers will repeat buy from you, and positively recommend you.

If your employees become your marketers, what do good marketing employees look like, and what do employees who are bad at marketing look like? (These are the ones who effectively do negative marketing for you).

Let me share with you my thoughts about employees who are outstanding and who definitely support the statement that 'all employees are marketers'.

Years ago my father used to own a care home for the elderly. Unlike Duncan Bannatyne who created a chain of 40+ homes, he chose to own and run just one, and I'm proud to say that his old people's home was regarded quite simply as the 'best old folks home in town'.

It was not necessarily the most modern, it wasn't necessarily the most luxurious, or the largest, but it was without doubt the most desirable place to live in, simply because of the caring attitude of its staff, the homely environment they created, and the warm welcome and enjoyable lifestyle it offered to all its elderly residents.

What made this residential home what it was?

Two things...

One: my father and his leadership ability and the un-negotiable standards of excellence he set.

Two: every member of staff in that company had embraced these standards and the vision and philosophy set by my father, so that they became an extension of him and the true representation of the company.

Although this was only one small care home, the brand value associated with its name was exceptional. This was because the employees in the company were the brand, and they knew they were responsible for consistently delivering on the brand's promise.

So what did his staff look like? Bear in mind they were certainly not the highest paid employees in the industry, possibly even some of the lowest paid given the nature of their work, but they had something about them under his leadership which raised their performance to a level which far surpassed that of other workers earning a similar (or even higher) salary.

So what was it? What made them different?

Without a doubt they were proud to work there and focused exclusively on the needs of the old ladies who lived there.

Each member of staff was 100% dedicated to meeteing the needs of the customers, who could be Ethel, Mary or Winifred.

The staff took responsibility and ownership and gave the residents respect. They were passionate about working there, and literally loved their work. They had a confidence in themselves which was demanded of them and the small team of staff who worked each shift, held in their hands the safety, security and happiness of the 50+ residents.

I'm confident that you could ask any of the employees who worked at the care home, what it stood for, what made it different, why they enjoyed working there — and they would be able to passionately and positively tell you — simply because they believed in it.

These employees were the marketers for the care home; they were the brand.

Once the standard was set and the bar raised, my father often had a waiting list of residents who wanted to come and live at the home.

His need to spend money on expensive marketing (much of which he'd learnt in earlier years didn't work) was diminished, because the word-of-mouth referrals and the brand worked harder for him than any expensive marketing campaign he could create.

At this point, his best marketers were the sons, daughters, and grandchildren of the residents who lived in the care home.

When they spoke to their friends and family there was only one residential home they would recommend, and it was my father’s.

They were not recommending it because it had a swanky logo, or enticing marketing materials, but because of the care and attention they had experienced first hand by the staff who worked there, and looked after their loved ones.

The brand of the care home was represented through the staff who were proud to work there, and were uncompromising on the standards of excellence, and their

total dedication in making the lives of the elderly residents as comfortable, enjoyable and restful as could be.

To put that in management speak, the employees were 100% customer focused and through their total customer dedication, the brand and its values were created.

It couldn't have happened the other way round, where some clever marketing team created the brand.

The brand was created as a result of the actions and decisions of the people who worked for the company.

My father had a company with a brand which stood for something, rather than just a logo which stood for nothing.

You may say that this level of commitment and employee engagement is easier to achieve in a care home where the employees are dealing with elderly people and where there is a human connection.

But I'm confident to say that you can achieve the same results in any organization through strong leadership and training, and by developing and nurturing your employees to be the best they can.

Eddie Stobart did this years ago when he took what is a very male orientated road haulage environment, and created one of the most lovable, identifiable and recognizable brands in the UK.

Simply through his leadership and developing a team of people who believed in what they were doing, he was able to create this now legendary company. His employees are known for going the extra mile for their customers, keeping their vans clean, being polite and well dressed — and as a result they are proud of their company and want to work there.

Sir Richard Branson has done it many times in just about every organisation he has built (without paying the highest level of salaries).

Bill Marriott has done it in his Marriott hotel chain (again without paying top dollar salaries), where employees are still the most dedicated and proud to work there. Because of that, the repeat buying and word-of-mouth referrals are extraordinarily high and contribute dramatically to the profitability of the company (in the BUY AGAIN and TELL THEIR FRIENDS section of the NEW P&L).

Contrast this to the majority of businesses which you and I deal with every day, whether they are business-to-consumer companies, or at a business-to-business level.

We often find staff unengaged, disillusioned, and showing no signs of passion or belief. They have a lack of ownership and responsibility, and put their own needs ahead of their customers'.

This way of being (and running a company) serves no purpose, and has no marketing value, other than in a negative way.

Sadly, this is a common experience when dealing with companies, and as a customer gives us very few reasons to repeat buy, or recommend.

The companies which unfortunately we deal with day-in and day-out spend massive amounts of money on lead generation marketing, and yet fail to get into the real profit zone which is the repeat buying by customers and passionate word-of-mouth referrals, simply because their

own staff are doing a poor job at being true to the marketing message and spreading the positive story.

They are however spreading a different story, which sadly is their truth, and their truth is just not good enough.

Let's now look in the penultimate chapter at what you can do in your organisation right now to make sure the story your employees tell, and the marketing message they spread, is a positive one which leads to customers profitably repeat buying and recommending you.

Chapter 6
It Doesn’t Happen By Accident!

I make the point at the beginning of this book that marketing is about telling stories and being true to the story of your company. It goes beyond the promise you make in your online and offline marketing materials, but lives through every employee in your organization — it is they who are the true manifestation of your marketing message.

How your employees engage with your customers, the decisions they make and the values they stand by, effects how they perform as marketers for your company.

The success of the great companies I have spoken about in this book, such as Marriott, Amazon, and even my father’s small care home for the elderly, did not come about by accident. They were all successful by design.

Success comes from the vision, commitment to excellence, passion and drive of the leadership and senior management of the company, so that their passion, belief, drive and unquenching thirst for customer excellence is permeated through to every employee in the company.

So much so, that the employees understand that their actions have a financial impact on whether a paying customer wants to repeat buy or recommend you, or alternatively decides never to spend another penny with you again, and at the same time tells their friends never to buy from you because of their poor experience.

Given that the success of these great companies is no accident, it's important to look at what they are doing

differently which allows them to achieve their extraordinary results each month and year — through economic highs and lows.

The fact is that these companies and their leadership teams recognize the importance of their people as marketers.

They set impeccable standards for every employee to deliver on.

They truly put their customers first, just as the care workers at my father's old folk's home put the needs of the residents ahead of their own.

In their companies they understand the revenue and profit consequences of happy repeat and referral customers.

But for you to create this environment in your company, two things must happen.

Firstly, you as a business leader (CEO, HR Director, Marketing Director, or manager at any level) must recognise that it is your responsibility to set the standards for others to follow.

Without clear, decisive and passionate leadership, which creates a framework for others to believe in and follow, it is all too easy for complacency, tardiness and inconsistency to creep in. Any of these three negative traits can have expensive and damaging effects on your business.

The second thing which must happen is that you must continually train, develop and coach your employees and give them the tools and education so they can act as your internal marketers.

This training and education should go beyond giving them the technical and functional skills to do their job. It means instilling in them the right mindset and attitude, teaching your employees the importance of the life-time value of a customer, of word-of-mouth referrals, and of knowing your products, customers and marketplace.

It also means teaching the importance of people and teamwork in your organisation.

Every employee and manager must step up at a 'personal leadership' level, so that they take that extra level of ownership and responsibility to give your customers the greatest level of care and attention — which will ultimately drive your company forward to new levels of revenue growth and profitability.

I believe there are three core areas in which every employee must continually develop themselves. These are understanding your customers, understanding your teams, and understanding yourself.

In the training, development and coaching that my company provides, it is these three areas which we focus on.

If you are committed to growing the revenues and profits of your business, you must equally be committed to growing your people.

It is your people who will ultimately grow your business.

In fact, your business is your people!

Take your staff out of your organisation and what are you left with? Bricks and mortar, table and chairs.

In maximising the growth and revenues of your company, the development of your staff is not optional, it is mandatory.

In the same way that Manchester Utd, the Kings of the Premiership never become complacent or fail to train and develop themselves (both at an attitudinal level and technical level), neither do the players of my other favoured team — Grimsby Town who sadly languish in the depths of the lower leagues.

They train just as hard, knowing that their only route to promotion and greater success is in the development of their people.

That parallel stands true in business and in your organisation too.

The profit is in your people, and it is your development of them as marketers (and leaders) which will be your fastest and most sustainable route to financial success.

If you ever doubted that you can make your staff better marketers, and therefore more profitable employees, just remember that if a skill is teachable and coachable, it is learnable.

Just like learning to drive a car, swim, ride a bike, speak a foreign language or play a musical instrument, the skills and attitude needed for your employees and managers to be better marketers who get your customers to buy, buy again and recommend you are fully learnable too.

All that is needed to make that happen is your commitment to teach them.

Chapter 7

Boom or Bust?
There is Never a Right Time to Get Started – Start Now!

I'd like to leave you with a few final thoughts about the timing of training and developing your staff (to become marketers who get your prospects and customers to buy, buy again and then tell their friends).

The reality is that there is never a good time. Ask any business leader what their priority is, and seldom is it one of staff development!

However, I hope in this book I have been able to give you evidence to conclusively prove the direct link between the performance of your staff and your customers' desire to repeat buy and recommend.

In boom times, many business leaders feel that there is no need to invest in their people as things are going well, and yet in recession, or recent times of credit crunch, purse strings are tight and budgets are cut.

Sadly staff training and development is one of the first things to go, even though the evidence shows that your employees and managers are your marketers, and that it is your staff who are directly responsible for getting your customers to repeat buy and recommend.

The answer to this boom and bust timing conundrum is simply one of an ongoing and never ending commitment to the continued development of your employees.

You must put your people at the centre of your business and recognise that it is your responsibility, as the leader of your team, to continually develop them, to inspire them, educate them and give them the tools to perform at the highest level.

Economic timing should be irrelevant, but if there was ever a case for developing your staff, it would be in economic downtimes, when all companies must work harder to attract and retain customers, and where falling guilty of the cardinal sin of losing customers is economic suicide.

In your business you may feel there is never a good time to take action to develop your people, but in reality, the time is right now.

Now you've read All Employees Are Marketers, to bring the ideas, thoughts and low-cost approaches in this book to your company and get more:
- Repeat Customers
- Referrals
- Revenues
- Profits…
…simply contact Richard or one of his team to arrange an informal telephone conversation.

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